



**U.S. Department of State**

**2007**

**Report to Congress**

**on**

**P.L. 106-107 Implementation Efforts**

*September 1, 2006 – November 30, 2007*

# **Part II**

## **U.S. Department of State Report on P.L. 106-107 Implementation Efforts**

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## P.L. 106-107 Report to Congress

### 2007

## I. OVERVIEW

In May 2001, the U.S. Department of State (Department) along with 25 other federal grant-making agencies submitted to the Congress and the Office of Management and Budget (OMB) an initial plan for implementing the Federal Financial Assistance Management Improvement Act of 1999, Public Law 106-107 (P.L. 106-107 or the “Act”) (<http://www.hhs.gov/grantsnet/pl106-107final.pdf>). The Act and initial plan call for each of the 26 federal grant-making agencies to provide annual reports on its progress in meeting the plan’s goals and objectives.

The Department of State is the lead U.S. foreign affairs agency, and the Secretary of State is the President’s principal foreign policy adviser. The Department advances U.S. objectives and interests in shaping a freer, more secure, and more prosperous world through its primary role in developing and implementing the President’s foreign policy. The Department also supports the foreign affairs activities of other U.S. government entities abroad including the U.S. Agency for International Development (USAID) and the Department of Commerce.

The Department has over 25 bureaus and 260 overseas posts that award federal financial assistance. Our applicants and recipients include state and local governments, universities, colleges, non-profit organizations, non-governmental organizations, international and foreign organizations, and American and foreign individuals. In FY 2007, federal financial assistance programs subject to P.L. 106-107 requirements amounted to approximately \$1.47 billion<sup>1</sup>; 10,931 awards were made. Two offices within the Department, the Office of the Procurement Executive’s Federal Assistance Division (A/OPE/FA) and the Office of Grants Financial Management (RM/FPRA/OGFM) under the Deputy Chief Financial Officer, are responsible for leading and coordinating efforts within the Department to implement P.L. 106-107.

The Department is committed to streamlining and simplifying federal financial assistance as envisioned by the Act. Our progress and accomplishments are provided in the following sections of this report.

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<sup>1</sup> This amount does not include other assistance instruments such as assessed and voluntary contributions to international organizations and bilateral agreements between the United States and foreign governments.

## **PARTICIPATION IN INTERAGENCY WORK GROUPS**

Department representatives regularly attend Grant Executive Board and Grant Policy Committee (GPC) meetings to keep abreast of new laws, regulations, and initiatives. We actively participate in several GPC interagency Work Groups focused on implementing P.L. 106-107 initiatives. We are members of the interagency Training and Certification Work Group, chaired by the Department of Health and Human Services (HHS). This group is reviewing a variety of training requirements for federal financial assistance personnel in federal agencies.

We are also members of the Pre-Award Working Group, which is preparing standardized terms and conditions for all government agencies for inclusion in Title 2 of the Code of Federal Regulations (CFR).

To prepare for Title 2 of the CFR, the Department created its own Terms and Conditions Work Group to develop standard Terms and Conditions for all awards issued by the Department domestically. With this work nearly complete, the Work Group is now compiling the Standard Terms and Conditions for assistance awards issued overseas to foreign grantees.

The Department is extensively involved in the government-wide implementation of the Federal Funding Accountability and Transparency Act of 2006 (FFATA), and is a member of the FFATA Steering Committee, the Grants Subcommittee, and the Sub-Grant Pilot Working Group. Our first data submission was transmitted in November 2007, and we are prepared to provide the necessary data on a regular monthly basis as required by the law.

The Department is also involved in Federal Financial Report (FFR) implementation. Once the FFR is implemented, the Department will incorporate its use in current business processes and implement any required changes to existing Department assistance policies and procedures.

Additionally, the Department participates in the interagency Single Audit Coordinator meetings to keep apprised of Federal Audit Clearinghouse initiatives and proposed A-133 process improvements. We intend to join the work group that will address recommendations made in the Report on National Single Audit Sampling Project for improvements in the Single Audit process.

## **II. GRANTS.GOV**

In FY 2007, the Department's participation in Grants.gov reached its highest level yet. We are pleased to report that 100 percent of our qualifying grants were posted on Grants.gov, and that 100 percent of these were available for electronic application under the APPLY feature. In addition, in all four quarters, we met the E-Gov Milestone of: "Post all competitive discretionary grant application packages on Grants.gov to match posted opportunities in the current quarter, excluding any valid exemptions approved by OMB."

|       | <u>Total Synopses</u> | <u>Total Packages</u> | <u>Electronic Submissions Received</u><br><u>in FY 2007</u> |     |
|-------|-----------------------|-----------------------|---|-----|
| While | <b>65</b>             | <b>67</b>             | <b>1,242</b>  | all |

applicants have the opportunity to submit electronic applications, the Department continues to receive some applications via email or regular mail – particularly from foreign applicants who are unable to use, or are uncomfortable using, Grants.gov.

Department representatives regularly attend Grants.gov stakeholder meetings to keep apprised of initiatives and changes. Internally, we actively work with all bureaus and posts to provide Grants.gov introductory and refresher training to ensure that the Department maintains its green status on the E-Gov scorecard. In addition, in FY 2007, the Department's Grants.gov coordinator spoke at two bureau-hosted conferences for potential applicants to discuss and promote the use of Grants.gov.

The Department remains committed to providing every Funding Opportunity posted with a matching application package so that grantees can apply electronically for all postings. Furthermore, following Grants.gov closely has allowed us to plan ahead and incorporate Grants.gov considerations into our requirements for an Assistance Management System and other grant-related activities.

### **III. GRANTS MANAGEMENT LINE OF BUSINESS**

The Department is an active participant in OMB's Grants Management Line of Business (GM LoB) initiative. The goal of this initiative is to recommend common government-wide solutions to achieve end-to-end integrated grants management – from initial Find and Apply (provided through Grants.gov) through award and closeout actions. It defines the framework for grants management back-office systems to include architecture and defining integration with agency management systems such as financial and budget systems.

The Department is not a consortium lead agency. Until recently, the Department and USAID, in coordination with OMB, were working together to develop a Joint Assistance Management System (JAMS) to meet our unique assistance requirements overseas. JAMS was intended and operatively designed to address the Department's significant deficiency for federal financial assistance identified in FY 2005. Specifically, it would have captured all federal financial assistance information from solicitation through closure, provided comprehensive and timely information on those Federal Financial Assistance programs, met the Joint Financial Management Improvement Program (now Financial Systems Integration Office) core system requirements, and interfaced with the Department's financial management system, HHS' Payments Management System, and Grants.gov.

While USAID and the Department reached a decision to dissolve this partnership due to differing functional requirements, the joint effort enabled us to develop a very robust set of functional and technical requirements. These requirements were recently updated and re-validated from a State-only perspective.

The availability of these requirements, coupled with the knowledge gained during the configuration of the Grantium (commercially available off-the-shelf) software used for JAMS, has facilitated the Department's conduct of a fit-gap analysis with the GM LoB consortia. The Department has both signed an Memorandum of Understanding with HHS/ACF and submitted a waiver to use an alternate solution for our needs that HHS/ACF cannot meet in the near term.

It should be noted that, as part of the JAMS configuration process, four standard grant business processes were developed. These will be implemented Department-wide when a grants management system is deployed. In addition, plans have been drafted to decommission systems, or aspects of systems, that duplicate the assistance tracking functionality of any assistance management system deployed within the Department.

## **IV. Debarment and Suspension**

On March 7, 2007, the Department adopted 2 CFR 180, "OMB Guidelines to Agencies on Government-wide Debarment and Suspension (non-procurement)," along with Department-specific implementation requirements within Part 601, through a final rule published in 72 FR 10034. Also the same day, the Department of State removed its codification of the common rule from its own CFR title so that the OMB guidance and all agency-implementing regulations on non-procurement debarment and suspension are located in 2 CFR.

## **V. Agency Commitment to Future Involvement with Government-wide Grants Initiatives**

The Department remains committed to the goals and objectives of P.L. 106-107, standardizing federal grant management activities, streamlining and simplifying the grants process, and making the grant application and reporting process less complicated. We will continue to promote the use of Grants.gov both internally and externally through briefings and training, and will work closely with GM LoB and OMB to implement the State Assistance Management System (SAMS, formerly "JAMS") leveraging parts of the HHS/ACF system and our in-house tool.